RAJYA SABHA

Monday, the 26th April, 1993/6 *Vaisakha,* 1915 *(Saka)*

The House met at eleven of the clock. Mr. CHAIRMAN in the chair.

(The National Anthem was played)

ORAL ANSWERS TO QUESTION

Preferential tariff arrangement with Bangladesh

*1. SHRI KAMAL MORARKA: Will the Minister of COMMERCE be pleased to state :

(a) whether it is a fact that Government are working out a preferential tariff arrangement with Bangladesh for items of mutual interest;

(b) if so, what are the details of the arrangement;

(c) what are the items likely to be included in the arrangement; and

(d) (by when the arrangement is likely to be agreed upon between the two countries?

THE MINISTER OF COMMERCE (SHRI PRANAB MUKHERJEE) : (a) to (d) Both India and Bangladesh have signed the SAARC Preferential Trading Arrangement (SAPTA) at the SAARC summit held in Dhaka in April 1993. The agreement, which will come into force thirty days after all the Contracting States have completed all formalities, envisages that initially negotiations will be conducted on a product-by-product basis. Negotiations shall commence after formal coining into force of the Agreement.

SHRI KAMAL MORARKA : Sir, my main question related to the preferential tariff arrangement between India and Bangladesh. Last year, much before the SAPTA was signed in this recent SAARC summit, negotiations between India and Bangladesh were going on. I asked a question related to the pre-SAPTA phase. The Bangladesh High Commissioner in India has been making statements. There have been two or three meetings last year between the various delegations of the Chambers of Commerce of Bangladesh and the Indian Chambers of Commerce and they have talked about this balance of trade between India and Bangladesh which is heavily titled in favour of India as of now. The exports from India to Bangladesh are of the order of Rs 800 crores. The exports from Bangladesh to India are only about Rs. 12 to Rs. 14 crores. So his kind of an imbalance, obviously, cannot go on for all time to come. The Bangladesh Government and these various delegations have been talking of making some preferential tariff arrangement by which the trade could get a fillip. Now, unfortunately, the reply dodges the main issue. It does not answer the main issue at all. It talks about the SAPTA and says that after all the contracting parties have signed, negotiations will begin. Obviously, this is not the answer to the question that I have asked. I would like to know from the Minister as first supplementary, though that is the main question, whether India and Bangladesh have discussed this issue and what the possibilities are of the trade balancing out in the next few years. The Bangladesh High Commissioner has said that one billion dollars of informal trade already decided upon will take place between India and Bangladesh through various forums and how it could be brought into a formal framework. All these issues were engaging the attention of both the Governments. I would like to know from the Minister whether any preferential tariff arrangement is under discussion in the pre-SAPTA phase before the SAPTA comes into effect which, of course, as the reply says, will take quite some time.

Before that, is any bilateral arrangement between India and Bangladesh envisaged and, if so, at what stage are those negotiations ?

SHRI PRANAB MUKHERJEE : Sir, it is true that from time to time, the question relating to tariff concessions in respect of various items has been raised by Bangladesh and the imbalance of trade has also , been painted out. Already, some action has been taken in respect of some iteme

which the hon. Member is aware of. In the last Budget, the tariff was reduced on one particular item. But there is no sepa, rate bilateral discussion with Bangladesh or any other country belonging to SAARC to have a formal bilateral agreement for reducing the tariff. This will be brought within the overall SAPTA arrangement. A declaration has been signed recently and talks are going on for quite some time. Even in 1987, various groups were appointed and at various stages the discussions took place. So, it is a continuing process. So far as bilateral trade between Bangladesh and India is concerned, it is conferred one-of-the-most-preferred-nations' treatment. Certain other issues which the hon. Member has raised also came into focus during discussions with the various representatives of Bangladesh.

We want that illegal trade should be prevented and it could be done. Even in a limited way, the border trade could be regularised. But I am sorry to say that the response from that angle is not very encouraging. Secondly, removal of imbalance which prevails between these two countries, after all, depends on what they can offer and what we can export. Simply to strike a balance in an artificial arrangement is not possible. If Bangladesh agrees to open the regular transit route, then in terms of the revenue which they will earn on this count will substantially compensate the present trade imbalance. In regard to the commodities which they have offered, particularly urea and newsprint, we have already taken decisions to purchase certain commodities from them. From time to time, they are indicating that they want to reduce the tariff rate on certain items; but it depends on the overall situation and how much we can afford to have.

MR. CHAIRMAN : Second supplementary.

SHRI KAMAL MORARKA : Sir, I want to know from the Minister whether it is a fact that Bangladesh have reduced the tariff on certain items like coconut oil, baby foods, turmeric etc. which they are importing from India. In their recent annual increase, they have increased the tariff for the import of these items from other countries but they have not increased the tariff that much on the imports from India which means that they are giving India a preferential tariff arrangement on their imports from India. If that is so, I would like to know whether that is a bilateral step because that is not within the SAPTA Agreement, it is between Bangladesh and India. If that is so, would they not expect a reciprocal arrangement ?

I agree with the Minister that in the Budget they have Liberalised the duties on some items like sarees etc., but unfortunately it does not augur well for our own weavers in West Bengal. That is a controversial step on its own. I want to know from the Minister whether Bangladesh has given a preferential tariff on certain items and if so, whether that has not been done on the understanding that it will be reciprocated on some other items.

SHRI PRANAB MUKHERIEE : Sir, reciprocation is always there and we have reciprocated on certain other items which they are importing from other countries. We can give them at cheaper rates items like coal.

We always want to reciprocate. As he has correctly pointed out, we cannot import certain items like jute carpets, because of the domestic conditions prevailing there. It is not possible because of the domestic conditions prevailing there. Therefore, we want to compensate them in certain other areas and negotiations are going on and it may take some time.

MR. CHAIRMAN : Shri Sukomal Sen.

SHRI SUKOMAL SEN : The hon. Minister's reply is not comprehensive because the avenues of trade between Bangladesh and India have not been properly explored. A lot of things have to be done. Mow the hon. Minister must be knowing that along the whole border between Bangladesh and West Bengal and also between Tripura and Assam, a lot of smuggling takes place. There seems to be a bilateral agreement between the smugglers of these two countries to smuggle goods. The hon. Minister said that they

had reduced the duty on sareas but that has not helped because it is only being used by the affluent sections of West Bengal. Weavers from West Bengal are protesting that this will affect their business.

i Now, Sir, I would like to say that last year, the State Government made out a very strong case against the import of fish from Bangladesh to West Bengal. That is Hilsa fish the most favourite dish of Bengalis and Mr. Mukheree must be knowing. . . *(interruptions)*... It is a very favourite dish of Bengalis and Mr. Mukherjee must be knowing this. The Bangladesh Government is prepared to export huge quantities of fish to West Bengal. And, Sir, the West Bengal people are eagerly waiting for that. Only the Central Government has stood in the way. If it could be allowed to import, then the people from West Bengal would be benefited very much and the Government also would earn by way of Customs duty also. I would! like to know from the honourable Minister whether he is prepared to consider that request of the West Bengal Government to allow it to import fish from Bangladesh, particularly the Hilsa fish.

SHRI PRANAB MUKHERJEE : Sir, am glad that the honourable Member has raised the question of the Hilsa fish. I think some arrangement should be made so that the delicacy can be enjoyed by the Members of the House also. The problem that has been raised is exactly the problem of where we can extend the concession in limited areas because the economy is common. Some of the items which they are manufacturing and which they are in a position to export to this country we are also having and we are doing the same thing. There fore, if we want to extend some concession, it will have to be done at the cost, to some extent, of our economy. That is why we did not allow the Jamdhani naris to be imported freely because out weavers will be affected. The same is the story with jute carpet and the same is the story with tea. What we can give to them, which they are importing from other countries and which we are exporting, they can get because, by and large, the economy belonged to one country at one point of time. Therefore, sometimes it becomes difficult to extend the types of concessions which we wanted to extend. In respect of the border trade, we have taken the initiative umpteen times. I am prepared even to consider if the honourable Member or anybody else can exercise some influence with the decision-makers in Bangladesh. We are prepared to help even in a limited way. We suggesting that if some villages of Meghalaya could have the border trade, if it could he opened, it would help us and to facilitate trad© between these two countries, it is absolutely necessary to open the sea route, rail routs and regular road route which we have suggested to them. We have also suggested to them that apart from the expension of trade between these two countries and economic co-operation, in terms of royalty they will get a substantial amount of money. So, this ought to be done. But, because of certain compulsions, certain factors, on which I would not like to make any comment now, this is not taking place *yet.* But we are trying. So far as we are concerned, we are prepared to have it and even in limited areas, instead of opening the entire border, if they wanted to have in limited areas, we are also prepared to consider it.

In regard to the Hilsa fish, I can tell the honourable Members that we have agreed to import some quantum of Hilsa. But, at the same time, while discussing this issue, we will have to keep in view one thing. You know what happened when we exported some eggs to Bangladesh ? There was a demonstration and some eggs were broken publicly and it was televised ,and it was said that India wanted to capture their egg market also. We did not export on our own. But there was a de-mand from them, there was an. order and to, we did it. There will also be another ■type of criticism that India is taking away a!' the fish from Bangladesh and they are not getting their fish ! But we have allowed a limited quantum of Hilsa fish to be imported.

MR. CHAIRMAN : Yes, Mr. Swell.

SHRI G. G. SWELL : Sir, I am happy that the Minister mentioned Meghalaya. I know that a large amount of coal and lime stone is being exported to Bangladesh. I would like to know from him, with regard to the barter trade-not in that conven tional sense; but the people on both the sides of the border have been doing busi ness with each other for centuries.—whether he could consider favourably reopening of this border barter market among the peo ple themselves-because it will be of great help to the people in the border of Meghalaya. /

There is another thing. Bangladesh has got huge reserves of natural gas which they can send to India through pipelines with great profit to themselves and great advantage to our requirements. Now, I wonder whether the Government at any time has had any discussion with Bangladesh for the export of gas to India and, if so, with what result. I would like to know why Bangladesh is not giving gas to *us.* I would like him to enlighten us on this.

SHRI PRANAB MUKHERJEE : Sir, why can't they sell it ? That answer could be given toy them. But so far as we are concerned we are eager to buy gas from them. And we are even prepared to go for the joint ventures and to generate power from gas and to have fertilizer from gas. And we have already raised this issue. That can, also help us. And that can also help Bangladeshi to augment their exports to India. So, that possibility is there. And in respect of border trade, I have already answered the question.

SHRI G. G. SWELL : Barter trade in border among the people.

SHRI PRANAB MUKHERJEE: But what is taking place now is illegal. And if we want to do it legally, it requires two parties. We have expressed our intention and they also wanted it. From the Chambers of Commerce side, they came. But somehow of the other, at the political level, the decision is not taking place, That is my problem.

DR. NAUNIHAL SINGH : Sir, will the hon. Minister indicate whether the items for export to Bangladesh will include modern machinery and equipment ? And if so, what is the volume of exports extracted in this area ?

SHRI PRANAB MUKHERJEE: We are exporting a substantial quantum of machinery, textiles and other things to Bangladesh, and the scope is larger there. And one point I would like to clarify here that at least if you look at the figure, trade imbalance is substantial. But a large quantum, nearly 27 per cent of our exports to Bangladesh, belongs to textiles. And that is not really import. What they are doing is, they axe adding value, to those exportable items, and they are. re-exporting. When you talk of that trade imbalance to the extent of Rs. 700 crores or Rs. 800 crores, it is not so. About Rs. 200 to Rs. 300 crores of that is re-exportable with the value addition.

श्री चतुरानन मिश्र : सभापति महोदय, सार्क की बातों में पॉलिटिकल रीजन के चलते जो उचित समय पर डेवेलपमेन्ट होना चाहिए, वह नहीं हुआ है ।

Because of political/reasons आपने कहा है कि सबका या सार्क के चलते बाई-लिटरल अरेंजमेंट में कोई दिक्कत नहीं है । तो हम यह चाहते हैं कि क्या हमारी सरकार इस सवाल पर दोनों दृष्टिकोण से जैसे अभी आपने नेपाल के साथ ट्रेड के बारे में एक ट्रीटी की है, उसी तरह का कोई प्रिफ्रेंशियल ट्रीटमेंट देकर बंगला देश के साथ भी आप करने पर विचार करेंगे ? इसी से सम्बन्धित स्मगलिंग को अभी तक हम लोगों ने पुलिस, मिलेट्री और बोर्डर सिक्यो-रिटी फोर्स के क्रम में सोचा है, इकोनोमिक रीजन जिसके चलते स्मगलिंग होती है, अगर उसको दूर किया जाए तो इस सवाल को हम लोग हल कर सकते हैं । तो इस पहलू पर भी विचार करते हुए क्या आप इस पर फिर से विचार करेंगे कि बंगला देश के साथ हम एक प्रिफ्रेंशियल ट्रीटमेंट करेंगे, जैसा नेपाल के साथ किया है ?

SHRI PRANAB MUKHERJEE : Sir, so far as control of smuggling is concerned, there are two aspects. One is strenthen-ing the law enforcement to prevent smuggling. Another aspect is that of the economic reason where if we could regularise and legalise the trade, then smuggling would have to come to a stop. And we wanted to regularise the trade. And as 1 have explained, we are still pursuing and having discussions with the Bangladesh authorities. Even at the non-official level, the Chambers of Commerce met, and they exchanged their views, and some progress is being made in that direction. As I have already mentioned, our relationship with Bangladesh is on the basis of most favoured nation treatment, and .. .

SHRI CHATURANAN MISHRA : Mr. Minister, I have said that some action can be taken unilaterally to stop smuggling because you are having talks, and talks are continuing. But in the meantime smuggling is going on.

SHRI PRANAB MUKHERJEE: It requires two sides to prevent smuggling.

SHRI CHATURANAN MISHRA : On one side. . .

SHRI PRANAB MUKHERJEE : From one side it cannot be done immediately. I am sorry to say that. It can be done only by strengthening our enforcement machinery, by strengthening our border security vigilance. We can do it. That is the physical aspect. But economically, if we want to do it, if we want to legalise it, it requires two sides. It cannot be done unilaterally.

SHRI CHATURANAN MISHRA : I asked about Nepal.

SHRI PRANAB MUKHERJEE : As I said, we are giving the most-favoured nations treatment to Nepal, Bangladesh and Bhutan. But even in the SAFTA arrangement, the four least-developed countries—Bangladesh, Bhutan, Nepal and Maldives—will get special preferential treatment when these multilateral agreements are being finalised.

श्री एस. एस. अहलुवालिया : सभापति महोदय, जैसे यूरोपियन इकोनामिक कम्युनिटी ने अपने बार्डर्स बिजनैस ट्रांस्कशंस के लिए खोले हैं उसी तरह सार्क कंट्रीज भी अपने बार्डर्स खोलने का विचार कर रहे हैं और आज जो बंगला देश से जामदानी साड़ी का इशू है और इन जामदानी साड़ियों के इंपोर्ट के कारण हमारे देश के साड़ी प्रोड्यूसर्स, खासकर मालदा और मुर्शिदाबाद के रहने वाले लोग स्टारवेशन के कगार पर पहुंचने वाले हैं । यही नहीं अगर वहां से ढाकाई सिल्क आ गया तो हमारे बनारस की सिल्क की साड़ियों पर भी इफेक्ट पड़ेगा और उसके साथ-साथ जो जूट प्रोडक्ट है, चाय का प्रोडक्ट है और हमारे कोकोनट प्रोडक्ट्स हैं, फिश प्रोडक्ट्स हैं, इन सारी चीजों पर, हमारे हिंदुस्तान की मार्केट पर बहुत गंभीर प्रभाव पड़ेगा ।

इसके साथ-साथ हमारे यहां से कांच की चूड़ियां बंगला देश जाती हैं । उस पर आज भी कोई गौर नहीं फरमाया गया है जिसके कारण आज तक जितनी भी कांच की चूड़ियां जाती हैं वह आफिशियल चैनल से न जाकर स्मगल होकर जाती हैं। उसके लिए सरकार क्या करने जा रही है, यह बताने की कृपा करें ।

SHRI PRANAB MUKHERJEE: As I mentioned on an earlier occasion, it is true that it has caused some problem. That is why, as the hon. Member has noted, Bangladesh wanted us to reduce the import duty on Jamdani sarees at zero level but we have not been able to do so. We have reduced it to the present level of 50 per cent. With regard to export of certain commodities which would adversely affect our economy, we have not been able to do so and that is precisely the point I am harping on, that it could be only i two-way traffic. It cannot be one-way traffic. In our effort towards improving commercial relations, we cannot jeopardise our own industry and economy. In respect of opening up the economy by having some sort of a zonal concept, precisely that is because of this that it is being conceptualised, and if we can give a push to this idea, then at some point of time—I do not

know when and how, and to what extent— it can emerge as one economic zone. It has a potentiality and India is harping on that for quite some time that this zone should be developed and economic co-operation among the SAARC countries should expand. That is our objective.

MR. CHAIRMAN : Next question.

Export of rice under new export policy

*2. SHRI MOHINDER SINGH LATHER:

SHRI SOM PAL-† Will the Minister of COMMERCE be pleased to state :

(a) whether it is a fact that free export of rice and basmati rice has been permitted by Government; and

(b) if so, what are the details of the New Export Policy relating to these items ?

THE MINISTER OF STATE IN THE MINISTRY OF CIVIL SUPPLIES, CONSUMERS AFFAIRS AND PUBLIC DISTRIBUTION WITH ADDITIONAL CHARGE OF MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI KAMALUDDIN AHMED) : (a) and (b) Export of rice (basmati and non-basmati) is freely permitted subject to Minimum Export Price (MEP) as fixed by Director Genera] of Foreign Trade (DGFT). In the case of non-basmati rice, the exports are further subject to ex-post facto monitoring by the Agricultural and Processed Foods Export Development Authority (APEDA).

श्री सोमपाल : सभापति महोदय, चावल के निर्यात व्यापार में भारत की स्थिति अंतर्राष्ट्रीय बाजार में बहुत अच्छी हो सकती है । पिछले वर्ष हमारा केवल 709 करोड़ रुपए का निर्यात हुआ जब कि थाईलैंड ने हमारे साढ़े 4 लाख टन के मुकाबले में 4.4 लाख टन और वियतनाम दो छोटे देश ने 17 लाख टन का निर्यात किया । हमारे पड़ोसी देश पाकिस्तान का निर्यात 9 लाख टन है और हमारा केवल साढ़े 4 लाख टन । यदि एक ठीक नीति अपनाई जाए तो भारत 2 हजार से 3 हजार करोड़ रुपए का चावल प्रति वर्ष निर्यात कर सकता है ।

इसके मार्ग में मुख्य कठिनाई कृषि मंत्रालय के तहत काम करने वाला कृषि उत्पाद निर्यात विकास प्राधिकरण जिसको "एपेडा" कहा जाता है, उसकी नकारात्मक नीति सबसे बड़ी रुकावट रही है । यह बजाए विकास करने के उसके मार्ग में रुकावट ज्यादा डाल रही है क्योंकि चावल की मात्रा कितनी निर्यात की जाए, इसका निर्णय हो, चाहे उसकी कीमत का निर्णय हो और कौन एजेंसी उसको हैंडिल करेगी, यह सब तदर्थवाद के आधार पर, एडहाकिज्म के आधार पर तय किया जाता है । परिणाम यह है कि उसके निर्यात का स्थाई आधार पर कोई विकास नहीं हो पा रहा है ।

MR. CHAIRMAN : Please come to the Question.

श्री सोमपाल : सर, इस बैकग्राउण्ड के बगैर संभव नहीं है । इससे लंबे प्रश्न दूसरे सदस्य पूछते रहे हैं. . . (व्यवधान)

क्या "एपीडा" की इस एडहोक नीति से बासमती चावल के निर्यात को मुक्त किया गया है इस नई नीति के तहत अथवा नहीं यह मैं जानना चाहता हूं ?

SHRI PRANAB MUKHERJEE : No, Sir. It is not so. It is true that at one point of time we had not been very much enthusiastic about exporting grains because of sensitivity of the domestic market. But under the new EXIM policy—rather, under the amended EXIM policy—it could be noted that agricultural products export has been given a boost. A series of changes and concessions have been introduced to support, to sustain, export of agricultural products. Even on the floor of this House, I had mentioned, on an earlier occasion, that in order to maintain our steady market, steady export market, we should not mind even trading in the

†The question was actually asked on the floor at the House by Shri Som Pal.